

# Sandton, Rosebank lead with new developments

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The third quarter has seen a slight increase in take-up of space in Johannesburg, driven by demand for prime buildings in attractive nodes such as Melrose, Rosebank, Bryanston and Sandton.

But older buildings are taking a knock as tenants move between nodes, leaving older buildings for new ones with quality finishings.

According to the latest South African Property Owners Association-Investment Property Databank office vacancy report, despite the lack of notable new completions in the quarter, office stock in Johannesburg increased by 51,000m<sup>2</sup> to 8.6m<sup>2</sup>.

The Jones Lang LaSalle Johannesburg real estate overview for the third quarter echoes these findings, saying demand for office space continues to be focused on prime space, with an increase in prime rents this quarter, although pressures prevail elsewhere.

The report shows that the industrial market is moderating, characterised by reduced take-up, prime rent reduction, increased vacancies, minimum additional industrial stock as well as lack of tenant-driven developments.

Jones Lang LaSalle's head of research, Ndibu Motaung, said last week the third quarter saw a slight increase in rentals in key nodes.

She said big deals concluded during the quarter include Samsung signing a lease for 6,000m<sup>2</sup> in Bryanston, Software AG taking up of 2,000m<sup>2</sup> in Bryanston, Alstom taking up 1,000m<sup>2</sup> of space in Woodmead, Tronox taking up 1,600m<sup>2</sup> in Sandton, as well as Alan Gray taking up 1,000m<sup>2</sup> in Rosebank.

"One of the biggest deals is Ernst and Young's planned move from Wanderers Office Park to Sandton, where it will take up about 16,000m<sup>2</sup> some time in 2014."

New developments are driven by big companies - notably Standard Bank, Ernst and Young, KPMG, MultiChoice, Cell C and Alexander Forbes - moving to new and quality buildings. These firms took up the bulk of the new office space.

Motaung said Sandton and Rosebank continued to be nodes with the most developments, benefiting from their infrastructure, location and accessibility by different modes of transport.

Some of the developments that are planned for completion in the next quarter include the 65,000m<sup>2</sup> Standard Bank building

in Rosebank, the 36,000m<sup>2</sup> Alexander Forbes building in Sandton as well as the 22,000m<sup>2</sup> KPMG building in Parktown.

Source: *Business Day* via I-Net Bridge

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